GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2263
ANSWERED ON:06.05.2016
Urban Cooperative Banks
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Will the Minister of FINANCE be pleased to state:

(a) the number of Urban Cooperative Banks (UCBs) existing in the country, State/ UT-wise;

(b) the amount of profit/loss earned by these banks during each of the last three years;

(c) whether the Government has observed any shortcomings in the functioning of the said banks;

(d) if so, the details thereof; and

(e) the steps taken by the Reserve Bank of India to revive the weak UCBs and to protect the interest of depositors?

Answer

The Minister of State in the Ministry of Finance

(a): Reserve Bank of India(RBI) has reported that as on 31.03.2015, there were 1579 Urban Cooperative Banks (UCBs) in the country. State/UT-wise details are given in Annex.
(b): The details of profit/loss earned by UCBs as a whole, during the last three years, as reported by RBI, are as under:

Particulars	March 31, 2013	March 31, 2014	March 31, 2015
Profit (in Rs.crore)	2444	2984	3511*

* Provisional
(c) & (d): RBI has stated that UCBs are subject to dual control by the RBI and the concerned State Government, which has become its inherent weakness. Based on its statutory inspections of UCBs, RBI has listed the deficiencies in the functioning of UCBs including breach of prudential limits pertaining to single and group borrower exposure limit, deficiencies in pre-sanction credit appraisal, lack of post-sanction follow-up, irregularities in the functioning of management, deficiencies in systems and control, etc. RBI has further reported that supervisory actions are initiated against UCBs for breach of certain trigger points based on its Supervisory Action Framework.

(e): RBI has reported the following measures taken by it to mitigate the problems faced by the weak UCBs as well as fortheir revival:
i. Memorandum of Understanding (MoU) has been signed with State Governments and Central Government for harmonization of regulation and supervision of UCBs. Under the MoU, State-wise Task Force on UCBs (TAFCUBs) have been set up comprising of representatives of RBI, State Government and UCBs Federations to identify weak banks which can be revived.
ii. Financial assistance and technology support to those UCBs who have partially implemented Core Banking Solution (CBS) or are yet to implement CBS.
iii. Training to Directors, CEOs, Officers of UCBs and statutory auditors to improve their knowledge and skills.
iv. UCBs have been allowed to raise capital through preference shares and long term deposits.
v. Merger guidelines were announced to facilitate bigger and stronger UCBs to take over weak banks. As of end of March, 2016, 121 UCBs have been merged.
vi. Insurance coverage is available to depositors of UCBs under the Deposit Insurance & Credit Guarantee Corporation (DICGC) Act, 1961.

Annex. referred to in reply to part (a) of USQ No.2263 for 6.5.2016

State-wise and UT- wise distribution of UCBs

S. No.	Name of the State/UT	No. of UCBs.
1.	Andaman & Nicobar	0
2.	Andhra Pradesh	48
3.	Arunachal Pradesh	0
4.	Assam	8
5.	Bihar	3
6.	Chandigarh	0
7.	Chhattisgarh	12
8.	Delhi	15
9.	Goa	6
10.	Gujarat	226
11.	Haryana	7

12. Himachal Pradesh 5
13. Jammu and Kashmir 4
14. Jharkhand 2
15. Karnataka 265
16. Kerala 60
17. Madhya Pradesh 51.
18. Maharashtra 510
19. Manipur 3
20. Meghalaya 3
21. Mizoram 1
22. Nagaland 0
23. Orissa 9
24. Pondicherry 1
25. Punjab 4
26. Rajasthan 37
27 Sikkim 1
28. Tamil Nadu 129
29. Telangana 53
30. Tripura 1
31. Uttar Pradesh 67
32. Uttarakhand 5
33. West Bengal 43
Total 1579
Source: RBI